

Message Text

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16

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 COME-00 TRSE-00 AID-05 IO-10 /086 W

----- 110795

R 180920Z JUL 75

FM AMEMBASSY OUAGADOUGOU

TO SECSTATE WASHDC 9933

INFO AMEMBASSY ABIDJAN

AMEMBASSY NIAMEY

AMEMBASSY PARIS

LIMITED OFFICIAL USE OUAGADOUGOU 1795

EO 11652: NA

TAGS: EFIN, UV

SUBJECT: GOUV IMPOSES NEW FISCAL TAXES

1. GOUV HAS INSTITUTED NEW "CUSTOMS STAMP TAX" AND SPECIAL "SURCHARGE ON IMPORTS." ITEMS WERE PROMULGATED BY MINISTRY OF FINANCE IN ORDINANCE OF JULY 1ST. SAME DECREE ALSO MAKES SLIGHT MODIFICATION IN CUSTOMS DUTIES ON IMPORTED COLA NUTS AND RAISES STATISTICAL TAX ON EXPORTS FROM ONE TO THREE PER CENT.

2. CUSTOMS STAMP TAX IS FIXED AT SIX PER CENT OF TOTAL AMOUNT OF DUTIES AND TAXES LEVIED ON IMPORTED OR EXPORTED ITEMS. IMPORT SURCHARGE CONSISTS OF SIX PER CENT OF ITEM'S SALES VALUE. LAW CONTAINS LIST OF OVER SIXTY ITEMS WHICH ARE EXEMPT FROM NEW TAXES. THESE RANGE FROM FARM IMPLEMENTS TO ARMS. SIMILARLY, ALL GOODS AND MATERIALS FINANCED BY FOREIGN AID SOURCES ARE EXEMPT.

3. ADDITIONAL REVENUE GENERATED BY THESE TAXES WILL BE DEPOSITED AT NATIONAL TREASURY AND USED AS BUDGETARY RECEIPTS.

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BEGIN LIMITED OFFICIAL USE

4. SOURCE IN MFA TOLD EMBOFF THAT PRIMARY INTENT OF NEW TAXES IS TO RAISE ADDITIONAL CASH TO OFFSET COSTS OF RECENT ARMS PURCHASES AND MOBILIZATION OF TROOPS IN NORTHERN AREA. ACCORDING TO SOURCE, MIN FIN GARANGO, WHO IS LOATHE TO DIP INTO GOUV'S SIZEABLE FOREIGN EXCHANGE RESERVES, WAS RESPONSIBLE FOR DECISION.

5. NEW MOVES HAVE CAUSED CONCERN IN BANKING AND BUSINESS CIRCLES. CONSENSUS IS THAT TAXES WILL HAVE DEPRESSING EFFECT ON COMMERCE WHILE AT SAME TIME CONTRIBUTING TO INFLATIONARY SPIRAL. ONE BANKER COMPLAINED THAT TIMING OF ACTION COINCIDES WITH RECENT BCEAO DECISION TO RAISE PRIME LENDING RATE FROM 5.5 PER CENT TO OVER 8 PER CENT. END LIMITED OFFICIAL USE.
GRAHAM

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Message Attributes

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Disposition Case Number: n/a
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Disposition Event:
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Disposition Reason:
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Margaret P. Grafeld
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